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## 嘉里建設有限公司\*

### KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: [www.kerryprops.com](http://www.kerryprops.com)

(Stock Code: 683)

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board (the “**Board**”) of Directors (the “**Directors**”) of Kerry Properties Limited (the “**Company**”) and, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated final results of the Group for the year ended 31 December 2023. The Audit and Corporate Governance Committee of the Company has met to review the audited consolidated results and the consolidated financial statements of the Group for the year ended 31 December 2023 prior to recommending them to the Board for approval.

Result for the year	2023	2022	% Change
	HK\$ Million	HK\$ Million	
<b>Revenue</b>	<b>13,090</b>	14,590	-10%
Property Sales	6,349	8,543	-26%
Property Rental and others	4,986	4,991	-
Hotel Operations	1,755	1,056	66%
<b>Underlying profit <sup>(1)</sup></b>	<b>2,518</b>	3,235	-22%
<b>Profit attributable to shareholders</b>	<b>3,243</b>	2,755	18%
<b>Financial information</b>	<b>2023</b>	2022	% Change
	<b>HK\$</b>	HK\$	
<b>Earnings per share</b>	<b>2.23</b>	1.90	18%
<b>Dividend per share</b>			
Interim	0.40	0.40	Maintain
Final	0.95	0.95	Maintain

Note:

(1) Underlying profit represents profit attributable to shareholders excluding the non-cash change in fair value of investment properties and the exceptional gains in 2022 from the disposal of two warehouses in Hong Kong.

\* For identification purpose only

## **CHAIRMAN'S STATEMENT**

I am pleased to report our 2023 final results on behalf of Kerry Properties Limited. The business environment in 2023 continued to be challenging as consumption, investment, and overall business sentiment remained weak in both Hong Kong and the Mainland. This weakness was reflected in the property market in both regions as potential homebuyers stayed on the sidelines and most businesses delayed making further investments, preferring instead to focus on reducing costs.

Against this backdrop, the Group recorded decent results for the year: our development properties, especially our luxury projects, sold reasonably well, particularly in Hong Kong, Hangzhou, and Shanghai. Our retail and office portfolio maintained its steady performance, while our hotels performed significantly better as business activity and leisure travel resumed, recovering close to 90% of pre-covid levels of 2019.

### **Financial Performance and Dividend**

The Group recorded profit attributable to shareholders of HK\$3,243 million, growing by 18% from HK\$2,755 million in 2022. This was largely due to an increase in fair value of investment properties of HK\$725 million (2022: decrease of HK\$1,765 million). Excluding the non-cash change in fair value of investment properties and the exceptional gains from the disposal of two warehouses in Hong Kong in 2022, comparable underlying profit was 22% lower than that in 2022 (2022: HK\$3,235 million). This was mainly due to lower gross margins generated from the sales of our development properties, higher finance costs from higher interest rates, and lower contributions from associates and joint ventures. Earnings per share for the year ended 31 December 2023 was HK\$2.23 per share (2022: HK\$1.90 per share).

The Board has recommended the payment of a final dividend of HK\$0.95 per share for the year. Together with the interim dividend of HK\$0.40 per share, the total cash dividend for the year amounts to HK\$1.35 per share (2022: HK\$1.35 per share).

### **Satisfactory Business Results**

Contracted sales for 2023 was HK\$14,071 million (2022: HK\$5,354 million). The significant growth in contracted sales was mainly driven by the selling-through of three of our residential projects: Shanghai Pudong's Park Towers and Hangzhou's Riverside on the Mainland; and Mont Rouge in Hong Kong.

In 2023, the Group achieved total revenue of HK\$13,090 million, decreasing 10% from HK\$14,590 million in 2022. This was mainly due to lower sales revenue from our development properties in Hong Kong and the Mainland at HK\$6,349 million (2022: HK\$8,543 million), which was partially offset by higher rental revenue from our investment properties and hotel portfolio.

Our Group's investment properties and hotel portfolio recorded revenue of HK\$6,741 million, which was 11% higher than that in 2022 of HK\$6,047 million. This was largely due to a significant improvement in hotel revenue after the removal of all covid-19 restrictions. Excluding hotels, our investment properties revenue was in line with that of 2022, maintaining steady occupancy rates in Hong Kong and the Mainland of close to 90%.

## **Our landbank**

In 2023, we acquired two land packages: In Hong Kong, we acquired a residential site in Tsuen Wan that overlooks the Tsing Yi and Ting Kau waterfront; on the Mainland, we continued to consolidate a mixed-use site in central Shanghai that will eventually yield a total of 5.06 million square feet of premium commercial and residential gross floor area. These two acquisitions bring our total landbank to 50.90 million square feet of gross floor area, which will feed our project development pipeline over the next six years.

## **Sustainable Development**

On the sustainable development front, we continue to strive to achieve best-in-class sustainability standards for our assets and throughout our communities. We ensure that our projects in our pipeline are designed to achieve sustainable building certifications. At the same time, we are also in the process of upgrading some of our existing properties to meet similar standards.

## **Outlook**

In 2023, we adopted a cautious approach to navigate the uncertain market conditions. Looking ahead into 2024, we do not expect significant improvements in the economic landscape and will therefore continue with our cautious tilt.

Our primary focus will be on selling our development property projects in Hong Kong and the Mainland. We remain positive on the future prospects of these projects given their quality and rarity and will strive to find the optimal balance between our sales pacing and margin. On the investment properties side, we will continue to enhance our offerings and services to our tenants and shoppers, while tightly controlling expenses, with the aim of maintaining steady performance.

On a more optimistic note, the recent removal of all property cooling measures in Hong Kong is a positive development. We also expect that the stabilisation of interest rates in Hong Kong and the continued relaxation of real estate market regulations in various Mainland cities will help with sentiment and market confidence. In line with our more cautious stance, we will continue to exercise prudence and prioritise the timely delivery of ongoing projects, optimise our assets, and delay all unnecessary capital expenditure.

Finally, I wish to thank our Board and all our colleagues for their contributions to the Group during the year under review. I am proud of and thankful for their commitment to achieving a decent set of results for our shareholders during a difficult year.

**Kuok Khoon Hua**

Chairman

Hong Kong, 20 March 2024

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

### PRESENCE IN THE MAINLAND AND HONG KONG

#### Landbanking Strategy

The Group has a diversified landbank in Hong Kong and key cities in the Mainland, which include development properties and mixed-used projects in over eighteen cities, such as Hong Kong, Beijing, Hangzhou, Qianhai, Shanghai, Shenzhen and Shenyang.

The Group's landbanking strategy is to build a portfolio of premium investment properties comprising office, retail, hotel, and apartments-for-lease primarily in the Mainland; and to operate a balanced pipeline of development properties in the Mainland and Hong Kong. The Group has a robust landbank that will drive its growth for years to come, and will maintain its prudent and selective landbanking strategy to support long-term sustainable growth.

#### Property Portfolio Composition

The Group's property portfolio is comprised of the Group's share of 50.90 million square feet of gross floor area ("GFA") as of 31 December 2023 (2022: 48.49 million square feet) in the Mainland, Hong Kong and Overseas.

The growth in GFA is from the Group's acquisition of two land packages in the first half of 2023. The first land package was acquired from a successful government tender for a residential site in Hong Kong's Tsuen Wan district in February 2023. It will yield approximately 314,000 square feet of GFA.

The second land package was acquired in June 2023 and is based in Shanghai's Huangpu district along Jinling Road. This land package unifies the Group's interest in 10 adjacent plots of land, with a total combined GFA of approximately 5.06 million square feet for residential apartments and townhouses, offices, high-street retail and amenities. This is an important and strategic project for the Group that will provide healthy development properties sales revenue for good medium-term profits, while also strengthening the investment properties portfolio in downtown Shanghai through progressively growing recurrent revenue over the long-term. A summary of the Group's property portfolio in attributable GFA follows:

<b>The Group's Property Portfolio in Attributable GFA</b>					
<b>As of 31 December 2023:</b>	<b>Mainland</b>	<b>Hong Kong</b>	<b>Overseas</b>	<b>2023 Total</b>	<b>2022 Total</b>
	<i>('000 square feet)</i>				
Properties Under Development	<b>20,455</b>	<b>1,765</b>	<b>4,036</b>	<b>26,256</b>	24,233
Investment Properties	<b>10,825</b>	<b>3,073</b>	<b>1,867</b>	<b>15,765</b>	15,752
Hotel Properties	<b>4,467</b>	<b>38</b>	<b>504</b>	<b>5,009</b>	5,009
Properties Held for Sale	<b>3,393</b>	<b>480</b>	<b>1</b>	<b>3,874</b>	3,498
<b>Total GFA</b>	<b>39,140</b>	<b>5,356</b>	<b>6,408</b>	<b>50,904</b>	48,492

## Development Properties Pipeline

Based on the Group's portfolio of properties under development, the Group has a robust pipeline of contracted sales supported by upcoming development properties that will be sufficient for the next five years and beyond. As of 31 December 2023, the total attributable GFA of for-sale development properties was 10.81 million square feet.

On the Mainland, the Group has a strong pipeline of development properties that will yield 9.17 million square feet of attributable GFA. All of the Group's Mainland development properties are part of a master-planned mixed-use development community. They are all located in key areas of their respective cities that offer the convenience of nearby major metro stations, bus lines and depots, and expressways. They will be positioned as high-quality premium homes, and residents will be able to enjoy the facilities and amenities of the projects' commercial portion such as shopping malls and well-designed public areas.

In Hong Kong, the Group has a robust pipeline of high-quality projects under development, and a landbank of future projects with good potential that amounts to approximately 1.64 million square feet of attributable GFA to the Group. The landbank enables the Group to build a balanced development properties pipeline that balances good margins with shorter capital recycle periods with a diverse product mix that includes premium luxury residences, middle-market designer homes, and family homes with mass appeal.

<b>The Group's Attributable Development Properties Completion Pipeline</b>				
<b>Target Completion</b>	<b>Project</b>	<b>Location</b>	<b>Equity Stake</b>	<b>Attributable GFA</b> <i>('000 square feet)</i>
2024	Hangzhou	Mainland	100%	1,007
2024	Qianhai Phase I	Mainland	100%	186
2024	Kunming	Mainland	55%	124
2024 onwards	Qinhuangdao	Mainland	60%	1,894
2024 onwards	Shenyang	Mainland	60%	1,633
2025	Wuhan	Mainland	100%	2,613
2025	La Montagne	Hong Kong	50%	319
2025	Yuen Long	Hong Kong	90%	254
2025	Shanghai Pudong	Mainland	40%	205
2025	Tianjin	Mainland	49%	147
2025	Qianhai Phase III	Mainland	70%	42
2026	LOHAS Park Package 13	Hong Kong	25%	387
2027 onwards	Shanghai Huangpu	Mainland	100%	1,319
2028	To Kwa Wan	Hong Kong	100%	370
2028	Tsuen Wan	Hong Kong	100%	314
				<b>10,814</b>
Mainland Total				9,170
Hong Kong Total				1,644
<b>Group Total</b>				<b>10,814</b>

## Investment Properties Pipeline and Hotels

As of 31 December 2023, the Group had 18.40 million square feet of GFA under management in its major investment properties portfolio, which comprises office, retail, apartment, hotel and warehouse assets in Hong Kong and the Mainland. The Mainland accounts for 83% and Hong Kong accounts for 17% of the total investment properties portfolio in Hong Kong and the Mainland, or 15.29 million square feet and 3.11 million square feet of the Group's total attributable GFA respectively. The portfolio's composition follows:

The Group's Investment Properties and Hotels Portfolio in Major Cities (Attributable GFA)*									
As of 31 December 2023:	Hong Kong	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Others	2023 Total	2022 Total
('000 square feet)									
<b>Office</b>	778	711	1,519	3,003	102	354	195	<b>6,662</b>	6,525
<b>Retail</b>	1,197	98	959	361	798	486	1,188	<b>5,087</b>	5,231
<b>Hotel</b>	38	500	759	121	461	395	2,231	<b>4,505</b>	4,485
<b>Apartment</b>	799	277	774	-	-	-	-	<b>1,850</b>	1,850
<b>Warehouse</b>	299	-	-	-	-	-	-	<b>299</b>	299
<b>Total</b>	<b>3,111</b>	<b>1,586</b>	<b>4,011</b>	<b>3,485</b>	<b>1,361</b>	<b>1,235</b>	<b>3,614</b>	<b>18,403</b>	18,390

Note: \* Excludes 2,371,000 square feet of attributable GFA from Overseas' investment properties and hotels.

In the next five years and onwards, the Group is expected to add another 11.03 million square feet GFA to its investment properties portfolio from its pipeline of major mixed-use projects, including hotels under development in the Mainland. This comprises of approximately 5.76 million square feet GFA of office, approximately 4.58 million square feet GFA of retail, and approximately 0.49 million square feet GFA of hotel properties. The top contributing cities to the Group's growth roadmap are Shanghai with projects in Pudong and Huangpu districts, Wuhan, Hangzhou, and other cities.

The Group's Major Mixed-Use Projects and Hotels Under Development in the Mainland (Attributable GFA)						
Target Completion	City	Apartment	Office	Retail	Hotel	Total
('000 square feet)						
2025	Hangzhou	197	241	1,043	175	1,656
2025	Tianjin	-	489	92	-	581
2025	Qianhai	-	503	76	-	579
From 2025	Shenyang	-	447	595	-	1,042
From 2026	Shanghai Pudong	-	110	981	-	1,091
From 2026	Zhengzhou	-	349	-	226	575
From 2028	Shanghai Huangpu	-	2,298	1,346	91	3,735
2030	Wuhan	-	1,318	451	-	1,769
	<b>Total</b>	<b>197</b>	<b>5,755</b>	<b>4,584</b>	<b>492</b>	<b>11,028</b>

Upon completion, the Group's investment properties and hotel portfolio will increase by 55%, or a total combined footprint of 32.17 million square feet GFA. Through its strategic vision and disciplined landbanking over the years, the Group has built a strong pipeline of mixed-use communities in major cities. The successive launch of these malls, premium offices, residence-for-lease, and hotels over the next few years will act as a growth catalyst for the Group in the form of progressive and steadily increasing recurrent revenue. In parallel, the Group will also focus on strategic asset enhancement initiatives in the current market to optimise future yield, while the Group's diligent revenue management of existing assets will support improved rental reversion and occupancy levels.

## Group Financial Highlights

The Group recorded solid financial results in a challenging year, with development properties combined revenue in the Mainland and Hong Kong increasing 22% when compared to 2022 at HK\$10,416 million (2022: HK\$8,562 million), and with investment and hotel properties combined revenue in the Mainland and Hong Kong growing by 14% in the same period at HK\$7,711 million (2022: HK\$6,789 million). Contracted sales recorded 163% growth at HK\$14,071 million (2022: HK\$5,354 million) with the pre-sale of two important projects on the Mainland during the year, namely Shanghai Pudong's Park Towers and Hangzhou's Riverside.

By executing the Group's deleveraging plan and under its disciplined financial management, the Group's gearing ratio as at 31 December 2023, representing net debt to total equity, was 34.1% (31 December 2022: 33.6%).

Development Properties Combined Revenue in the Mainland and Hong Kong			
	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Development Properties</b>			
Mainland	3,459	4,416	-22%
Hong Kong	6,957	4,146	68%
<b>Total</b>	<b>10,416</b>	<b>8,562</b>	<b>22%</b>

Investment and Hotel Properties Combined Revenue in the Mainland and Hong Kong			
	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Investment and Hotel Properties</b>			
Mainland rental properties	4,216	4,092	3%
Hong Kong rental properties	1,234	1,352	-9%
Hotel Operations	2,261	1,345	68%
<b>Total</b>	<b>7,711</b>	<b>6,789</b>	<b>14%</b>

Contracted Sales in the Mainland and Hong Kong			
	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Development Properties</b>			
Mainland	10,636	1,681	533%
Hong Kong	3,435	3,673	-6%
<b>Total</b>	<b>14,071</b>	<b>5,354</b>	<b>163%</b>

The Group's Gearing Ratio			
	As of 31 December 2023	As of 31 December 2022	Change
<b>Gearing ratio</b> <i>(Net debt to total equity)</i>	<b>34.1%</b>	33.6%	0.5%

Note: Combined revenue includes revenue from the Company, its subsidiaries and share of associates and joint ventures in the Mainland and Hong Kong.

## MAINLAND PROPERTY DIVISION

### Overview

The Mainland Property Division recorded total revenue of HK\$8,965 million (2022: HK\$9,245 million) and gross profit of HK\$5,178 million (2022: HK\$4,887 million) for the year ended 31 December 2023.

The revenue from development properties in the Mainland Property Division recorded HK\$3,327 million (2022: HK\$4,397 million) and corresponding gross profit of HK\$1,727 million (2022: HK\$1,954 million). Gross profit margin was 52% (2022: 44%). The improvement in gross profit margin reflected a year-on-year variance in inventory sold in different cities.

Revenue from investment and hotel properties was HK\$5,638 million (2022: HK\$4,848 million). The improvement was mainly due to a 66% increase in hotel revenue of HK\$1,755 million (2022: HK\$1,056 million). Excluding contributions from hotel operations, revenue from investment properties accounted for HK\$3,883 million, which is 2% better than that in 2022. The gross profit from investment properties was HK\$2,825 million (2022: HK\$2,760 million), with the gross profit margin staying steady at 73% (2022: 73%), highlighting the resilience and defensive nature of our leasing portfolio.

### *(i) Development Property Portfolio Performance*

In an underperforming market, the Mainland Property Division delivered a satisfactory result with contracted sales of HK\$10,636 million (2022: HK\$1,681 million), increasing 533% year-on-year. Two new projects, Shanghai Pudong's Park Towers and Hangzhou's Riverside, largely contributed to this result. Both projects launched in the first half of 2023 to deliver contracted sales of HK\$7,502 million, and selling-through all stock shortly after launch. This result was further supported by sales from other projects in Fuzhou, Shenyang, Tianjin, Wuhan, and Zhengzhou. A summary of the Mainland's major contracted sales achieved for the year ended 31 December 2023 follows:

Project Name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total Contracted Sales for the year ended 31 December 2023 (HK\$ Million)
Riverside	100%	Hangzhou	1,007,000	5,782
Park Towers	40%	Shanghai	512,000	1,720*
The Arcadia	60%	Shenyang	3,283,000	1,088
River Mansion	100%	Wuhan	1,561,000	754
Arcadia Court	55%	Zhengzhou	1,012,000	458
Arcadia Court	49%	Tianjin	299,000	226*
Habitat Phase II	60%	Qinhuangdao	1,965,000	193
Rivercity	100%	Fuzhou	2,908,000	100
Others	-	-	-	315
<b>Total</b>				<b>10,636</b>

Note: Others include non-core asset sales in Kunming and others.

\* Group's attributable share in associates and joint ventures.



## **(ii) Investment Property Portfolio Performance**

In 2023, the Group's investment properties excluding hotels on the Mainland contributed rental revenue of HK\$3,883 million (2022: HK\$3,792 million). The Group's gross profit was HK\$2,825 million (2022: HK\$2,760 million). The combined rental income from the Mainland's investment properties, excluding hotels but including contributions from associates and joint ventures, was HK\$4,216 million (2022: HK\$4,092 million).

The Group's hotel business on the Mainland experienced a strong rebound from a weak 2022 to achieve a 66% year-on-year improvement with revenue of HK\$1,755 million (2022: HK\$1,056 million).

The Group's retail segment saw a slight improvement with increased foot traffic and tenant sales, despite weaker consumer sentiment. This was driven by a refreshed retail strategy and the completion of asset enhancement initiatives that the Group undertook during the pandemic in certain key malls to increase square footage and unit rent. The office segment continued to be a major revenue driver for the Group's investment properties portfolio, with occupancy levels in line with expectations in our key assets. With low forward visibility of the economy, corporate tenants have adopted a conservative outlook. To lock-in recurrent revenue in a weak market, the Group will prioritise renewals, while striving for the best leasing terms according to prevailing prices. The Group's residential leasing portfolio remained steady. A summary of the Mainland Property Division's combined rental income follows:

<b>Combined Rental Income of the Mainland Property Division (excluding hotel revenue)</b>			
	<b>2023</b>	<b>2022</b>	<b>% Change</b>
<b>Investment Properties</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	
The Company and its subsidiaries	<b>3,883</b>	3,792	2%
Share of associates and joint ventures	<b>333</b>	300	11%
<b>Total</b>	<b>4,216</b>	<b>4,092</b>	<b>3%</b>

A summary of the Group's Mainland investment property portfolio breakdown of attributable GFA by asset type and their respective occupancy rates follows:

	<b>As of 31 December 2023</b>		<b>As of 31 December 2022</b>	
	<b>Group's attributable GFA ( '000 square feet)</b>	<b>Occupancy rate</b>	<b>Group's attributable GFA ( '000 square feet)</b>	<b>Occupancy rate</b>
Office	<b>5,884</b>	<b>90%</b>	5,747	88%
Retail	<b>3,890</b>	<b>85%</b>	4,014	83% <sup>#</sup>
Apartment	<b>1,051</b>	<b>92%</b>	1,051	86%
	<b>10,825</b>		<b>10,812</b>	

Note: <sup>#</sup> 2022 Occupancy rates excluded the retail space of Fuzhou Rivercity Commercial Centre with leasing commencing in 2023.

In a market with slow forward momentum, the Group's retail portfolio saw stable occupancy levels with the overall occupancy for the segment at 85% (31 December 2022: 83%). The Group's office portfolio recorded overall occupancy of 90% (31 December 2022: 88%), and occupancy for the Group's apartments-for-lease portfolio was 92% (31 December 2022: 86%). The Group will continue to focus on revenue management by optimising its retail brand mix, and focusing on renewals with its longstanding blue-chip and red-chip tenant base.

A summary of the overall occupancy rates for the Group's major mixed-use developments in key Mainland cities follows:

Property name	Occupancy rate as of 31 December 2023	Occupancy rate as of 31 December 2022
Jing An Kerry Centre, Shanghai *	98%	96%
Pudong Kerry Parkside, Shanghai *	96%	96%
Beijing Kerry Centre *	91%	96%
Hangzhou Kerry Centre *	91%	86%
Shenzhen Kerry Plaza	92%	91%

Note: \* Excludes the hotel portion.

## **HONG KONG PROPERTY DIVISION**

### **Overview**

The Hong Kong Property Division reported revenue of HK\$4,125 million (2022: HK\$5,345 million) and gross profit of HK\$1,543 million (2022: HK\$2,098 million) for the year ended 31 December 2023.

In early 2023, Hong Kong's market sentiment improved slightly which lifted retail and property sales. Entering the second half, the mood shifted as external economic factors started to constrain demand and subdued sentiment. High interest rates and concerns over the challenges faced by Mainland property developers weighed on global economic growth and created uncertainties for Hong Kong's economy. This stagnated the Hong Kong stock market and contributed to a slowdown in the real estate market. The Group recognised development properties sales revenue of HK\$3,022 million (2022: HK\$4,146 million), and gross profit of HK\$729 million (2022: HK\$1,171 million), the reduction was due to a different mix of inventory that was recognised year-on-year. The gross profit margin of Hong Kong's development properties was 24% (2022: 28%), with the change due to a different product mix. The rental revenue from investment properties was HK\$1,103 million (2022: HK\$1,199 million), and gross profit was HK\$814 million (2022: HK\$927 million). The gross profit margin of Hong Kong's investment properties was 74% (2022: 77%), with the moderation in part due to slightly lower rental reversion to align with prevailing prices.

### ***(i) Development Property Portfolio Performance***

For the year ended 31 December 2023, the Hong Kong Property Division recorded total contracted sales of HK\$3,435 million (2022: HK\$3,673 million). This result was a concerted effort from the contributions of five projects. The Aster, which was previously the Group's investment property Resiglow - Happy Valley, delivered HK\$850 million from local end-users. The Group's high-end luxury projects Mont Rouge, which sold-through in 2023, plus Mont Verra achieved HK\$1,173 million in contracted sales, and the Group's Wong Chuk Hang MTR station projects, La Marina and La Montagne, all together recorded HK\$1,192 million in attributable contracted sales for the Group.

A summary of Hong Kong's contracted sales achieved for the year ended 31 December 2023 follows:

Project Name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total Contracted Sales for the year ended 31 December 2023 (HK\$ Million)
The Aster	100%	Happy Valley	71,000	850
Mont Verra	100%	Beacon Hill	325,000	745
La Marina	50%	Wong Chuk Hang	425,800	645*
La Montagne	50%	Wong Chuk Hang	559,000	547*
Mont Rouge	100%	Beacon Hill	115,000	428
The Bloomsway	100%	So Kwun Wat	838,000	171
Others	-	-	-	49
<b>Total</b>				<b>3,435</b>

Note: Others refer to non-residential asset sales including carparks.

\* Group's attributable share in associates and joint ventures.

### **(ii) Investment Property Portfolio Performance**

In Hong Kong, the Group has an investment properties portfolio of office and retail mainly from its mixed-use development MegaBox/Enterprise Square Five and Kerry Centre, and apartments-for-lease mainly from its Mid-Levels residential portfolio.

For the year ended 31 December 2023, the Hong Kong investment properties portfolio was relatively stable during a difficult 2023, with revenue of HK\$1,103 million (2022: HK\$1,199 million). The Group's gross profit was HK\$814 million (2022: HK\$927 million). The reduction in revenue was partly due to the loss in rental income from the conversion of Resiglow - Happy Valley residential-for-lease into a development property for sale, and also the reduction of warehouse contributions due to their asset sales in 2023 and 2022 respectively. Additionally, slightly lower unit rent from the office segment priced in prevailing market conditions, although occupancy levels remained at a competitive level. MegaBox performed well considering the city's poor consumer sentiment, thanks to its positioning as a local family-oriented mall, with revenue at par year-on-year. Lastly, the residential portfolio remained stable. The combined rental income from investment properties including contributions from associates and joint ventures was HK\$1,234 million (2022: HK\$1,352 million). A summary of the Hong Kong Property Division's combined rental income follows:

<b>Combined Rental Income of the Hong Kong Property Division</b>			
	2023	2022	% Change
<b>Investment Properties</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	
The Company and its subsidiaries	<b>1,103</b>	1,199	-8%
Share of associates and joint ventures	<b>131</b>	153	-14%
<b>Total</b>	<b>1,234</b>	<b>1,352</b>	<b>-9%</b>

A summary of the Group's Hong Kong investment property portfolio breakdown of attributable GFA by asset type and their respective occupancy rates follows:

	As of 31 December 2023		As of 31 December 2022	
	Group's Attributable GFA ( <sup>'000</sup> square feet)	Occupancy rate	Group's Attributable GFA ( <sup>'000</sup> square feet)	Occupancy rate
Retail	1,197	95%	1,197	92%
Apartment	799	89%*	799	90%
Office	778	84%	778	86%
Warehouse	299	43%	299	78%
	<u>3,073</u>		<u>3,073</u>	

Note: \* As of 31 December 2023, occupancy rate excluded Branksome Crest due to major refurbishment.

As of 31 December 2023, occupancy at Hong Kong's retail mall MegaBox was 95% (31 December 2022: 92%). The office portfolio of Enterprise Square Five and Kerry Centre recorded occupancy levels at 82% (31 December 2022: 85%) and 89% (31 December 2022: 89%) respectively. A summary of the occupancy rates for the Group's major investment properties in Hong Kong follows:

Property Name	Occupancy rate as of 31 December 2023	Occupancy rate as of 31 December 2022
MegaBox/ Enterprise Square Five	95%	92%
Kerry Centre	82%	85%
Mid-Levels Portfolio	89%	89%
	93%*	

Note: \* As of 31 December 2023, occupancy rate excluded Branksome Crest from Mid-Levels Portfolio due to major refurbishment.

## **CAPITAL RESOURCES AND LIQUIDITY**

### **Treasury Policies**

The Group adopts prudent policies on liquidity and debt management. The Group's treasury policies, approved by the Finance Committee of the Company and subject to periodic review by the Group's internal audit function, are designed to mitigate the liquidity, foreign exchange, interest rate and credit risks in the normal course of business. The entire Group's liquidity management and financing activities are centrally coordinated and controlled at the corporate level. It achieves better control of the Group's treasury operations and lowers the average cost of funds.

### **Foreign Exchange Management**

The Group closely reviews and monitors its foreign exchange exposure, and conducts its businesses primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollar. The Group's primary foreign exchange exposure arises from its property developments and investments in the Mainland which are denominated in Renminbi ("RMB") and the bank loans which are denominated in RMB, Australian dollar ("AUD") and Japanese yen ("JPY").

As at 31 December 2023, the total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalent of HK\$1,439 million and RMB bank loans amounted to the equivalent of HK\$12,181 million. As such, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 3% and 22% respectively, of the Group's total borrowings of HK\$55,131 million as at 31 December 2023.

As at 31 December 2023, the total foreign currency borrowings of HK\$13,620 million included approximately RMB11,115 million (equivalent to HK\$12,181 million) bank loans, JPY8,000 million (equivalent to HK\$443 million) bank loans and approximately AUD187 million (equivalent to HK\$996 million) bank loans. To hedge the exchange rate exposure of the foreign currency borrowings, the Group arranged cross currency swap contracts amounting to RMB2,040 million, JPY8,000 million, and approximately AUD187 million for bank loans drawn in Hong Kong. The remaining RMB9,075 million bank loans were RMB bank loans for projects in the Mainland and the Group endeavoured to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB.

## **Interest Rate Management**

The Group actively monitors the cash flow forecasts of its subsidiaries and arranges to transfer surplus cash to the corporate level to reduce its gross debt. To effectively utilise surplus cash and minimise overall interest costs, the Group has arranged intra-group loans from cash-rich group companies to meet funding needs of other group companies. The Group regularly reviews the intra-group financing arrangements in response to changes in foreign exchange rates and interest rates.

In addition to raising funds directly on a fixed rate basis, the Group endeavours to manage its interest rate risks arising from its floating rate loans by hedging with floating-to-fixed interest rate swap contracts and applying hedge accounting. As at 31 December 2023, the Group had outstanding interest rate swap contracts, which amounted to HK\$19,500 million (2022: HK\$19,300 million) in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile. As at 31 December 2023, the Group's fixed rate debt ratio (after swap contracts and fixed rate loans) was 43% and 58% on gross debt level (2022: 37% and 48% respectively) and net debt level respectively.

## **Liquidity and Financing Management**

Total borrowings of HK\$55,131 million (2022: HK\$52,870 million) included HK\$41,511 million of Hong Kong dollar borrowings, HK\$12,181 million RMB borrowings, HK\$996 million AUD borrowings and HK\$443 million JPY borrowings. The total cash and bank deposit balances amounted to HK\$13,845 million as at 31 December 2023, and the net debt balance was HK\$41,286 million (2022: HK\$41,169 million).

The Group uses a proactive approach to manage the Group's liquidity to ensure ample headroom for capital resources to meet its financing needs, to pursue disciplined investment opportunities and to protect against unexpected external economic shocks. Funding needs are closely monitored and regularly reviewed to allow a fair degree of financial flexibility and liquidity while optimising the costs of funds. As at 31 December 2023, the Group maintained all of its borrowings on both an unsecured and guaranteed basis, and no assets were pledged. The Group will continue to obtain financing on an unsecured basis whenever possible and supplement such borrowings with secured project financing as and when the need arises.

The Group's available financial resources as at 31 December 2023 was HK\$44,971 million, which comprised undrawn bank loan facilities of HK\$31,126 million and cash and bank deposits of HK\$13,845 million, increasing by 8% and 18% respectively when compared to 31 December 2022. The available financial resources can cover over 80% of the total borrowings as at 31 December 2023.

## Sustainable Finance Initiatives

The Group recognises sustainable finance as a key course to facilitate long-term investments in sustainable economic activities and projects. The Group established a sustainable finance framework in 2022 to further set out how the utilisation of sustainable finance instruments would contribute to the Group's sustainability strategy and vision.

During 2023, the Group entered into 10 sustainability-linked loan agreements with approximately HK\$12,681 million in loan facilities. As at 31 December 2023, the Group's total sustainability-linked loan facilities stood at approximately HK\$41,116 million, representing 48% of the Group's total loan facilities. These loan facilities are linked to the Group's annual and cumulative sustainability performance to reinforce our commitment to improve sustainability performance and demonstrate our desire to support the development of sustainable loan market in the region. Proceeds will fund measures to drive long-term sustainability targets, and enhance the climate resilience of our property portfolio, as well as general corporate financing. The Group will benefit from discounted interest rates when pre-determined sustainability milestones are achieved. With more sustainability-linked loans in the pipeline, the Group will benefit more from discounted interest rates. We aim to gradually increase the sustainable finance portion of the Group's overall debt portfolio and explore other sustainable financial solutions to support our sustainable development.

## Debt Maturity Profile and Gearing Ratio

The Group's total borrowings as at 31 December 2023 were HK\$55,131 million (2022: HK\$52,870 million). The debt maturity profile, with around 64% of the borrowings repayable after two years, is set out below:

Repayable:	2023		2022	
	HK\$ Million		HK\$ Million	
Within 1 year	6,636	12%	5,997	11%
In the second year	13,034	24%	12,851	24%
In the third to fifth year	35,001	63%	33,022	63%
Over 5 years	460	1%	1,000	2%
<b>Total</b>	<b>55,131</b>	<b>100%</b>	<b>52,870</b>	<b>100%</b>

As at 31 December 2023, the Group's gearing ratio, representing net debt to total equity, is 34.1% (31 December 2022: 33.6%), calculated based on net debt of HK\$41,286 million and total equity of HK\$121,157 million.

The Group provided guarantees for (i) banking facilities of certain associates and joint ventures; and (ii) mortgage facilities provided by banks to first-hand buyers of certain properties developed by the Group in the Mainland.

Details of contingent liabilities are set out in note 10 to the financial information of the Group included in this announcement.

## CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2023	2022
	Note	HK\$'000	HK\$'000
Revenue	2	13,089,628	14,590,475
Cost of sales and direct expenses		<u>(6,368,352)</u>	<u>(7,605,791)</u>
Gross profit	2	6,721,276	6,984,684
Other income and net gains	3	129,837	915,526
Selling, administrative and other operating expenses		<u>(1,783,204)</u>	<u>(1,720,023)</u>
Increase/(decrease) in fair value of investment properties		<u>1,033,544</u>	<u>(2,040,840)</u>
Operating profit before finance costs		6,101,453	4,139,347
Finance costs	3	<u>(599,686)</u>	<u>(317,225)</u>
Operating profit	3	5,501,767	3,822,122
Share of results of associates and joint ventures		<u>1,357,551</u>	<u>1,345,947</u>
Profit before taxation		6,859,318	5,168,069
Taxation	4	<u>(2,695,532)</u>	<u>(1,693,183)</u>
Profit for the year		<u><u>4,163,786</u></u>	<u><u>3,474,886</u></u>
Profit attributable to:			
Company's shareholders		3,243,327	2,754,780
Non-controlling interests		<u>920,459</u>	<u>720,106</u>
		<u><u>4,163,786</u></u>	<u><u>3,474,886</u></u>
Earnings per share	5		
- Basic		<u><u>HK\$2.23</u></u>	<u><u>HK\$1.90</u></u>
- Diluted		<u><u>HK\$2.23</u></u>	<u><u>HK\$1.90</u></u>



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Profit for the year	4,163,786	3,474,886
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	(294,802)	948,801
Share of other comprehensive income of associates and joint ventures	(37,976)	(223,494)
Net translation differences on foreign operations	(2,806,831)	(9,088,008)
Items that will not be reclassified to profit or loss		
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	236,046	(1,032,970)
Share of other comprehensive income of associates and joint ventures	53,875	-
Release of exchange fluctuation reserve upon disposal of subsidiaries	-	26,179
Other comprehensive income for the year, net of tax	(2,849,688)	(9,369,492)
Total comprehensive income for the year	<u>1,314,098</u>	<u>(5,894,606)</u>
Total comprehensive income attributable to:		
Company's shareholders	815,603	(5,218,204)
Non-controlling interests	498,495	(676,402)
	<u>1,314,098</u>	<u>(5,894,606)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
		HK\$'000	HK\$'000
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,323,428	4,617,237
Investment properties		76,964,829	77,063,008
Right-of-use assets		1,679,757	1,830,251
Properties under development and land deposits		39,222,688	31,515,644
Associates and joint ventures		24,823,141	25,802,012
Derivative financial instruments		582,318	954,781
Financial assets at fair value through other comprehensive income		758,168	522,122
Financial assets at fair value through profit or loss		650,701	674,057
Mortgage loans receivable		898,512	1,079,619
Intangible assets		122,504	122,504
		<b>150,026,046</b>	<b>144,181,235</b>
<b>Current assets</b>			
Properties under development		23,436,237	22,982,883
Completed properties held for sale		18,623,682	20,162,050
Accounts receivable, prepayments and deposits	6	1,787,467	1,676,993
Current portion of mortgage loans receivable		193,156	255,463
Tax recoverable		325,570	325,421
Tax reserve certificates		189,255	189,255
Derivative financial instruments		5,889	-
Restricted bank deposits		305,449	354,814
Cash and bank balances		13,539,631	11,346,645
		<b>58,406,336</b>	<b>57,293,524</b>
<b>Current liabilities</b>			
Accounts payable, deposits received and accrued charges	7	7,507,830	6,783,829
Contract liabilities		8,955,229	4,372,308
Current portion of lease liabilities		43,646	41,284
Taxation		2,588,892	2,198,798
Short-term bank loans and current portion of long-term bank loans	8	6,636,214	5,997,133
Derivative financial instruments		114,041	103,846
		<b>25,845,852</b>	<b>19,497,198</b>
<b>Net current assets</b>		<b>32,560,484</b>	<b>37,796,326</b>
<b>Total assets less current liabilities</b>		<b>182,586,530</b>	<b>181,977,561</b>
<b>Non-current liabilities</b>			
Long-term bank loans	8	48,494,864	46,873,144
Amounts due to non-controlling interests		2,237,084	2,495,861
Lease liabilities		40,529	84,206
Derivative financial instruments		278,874	347,584
Deferred taxation		10,378,358	9,694,605
		<b>61,429,709</b>	<b>59,495,400</b>
<b>ASSETS LESS LIABILITIES</b>		<b>121,156,821</b>	<b>122,482,161</b>
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital		1,451,306	1,451,306
Shares held for share award scheme		(50,171)	(18,097)
Share premium		13,105,221	13,102,767
Other reserves		3,981,697	6,834,882
Retained profits		88,768,527	87,415,992
		<b>107,256,580</b>	<b>108,786,850</b>
Non-controlling interests		13,900,241	13,695,311
<b>TOTAL EQUITY</b>		<b>121,156,821</b>	<b>122,482,161</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies are consistent with those as described in the Group’s financial statements for the year ended 31 December 2022.

The following new standard and amendments to existing standards have been published that are effective for the accounting period of the Group beginning on 1 January 2023:

HKFRS 17, ‘Insurance contracts’

Amendments to HKFRS 17, ‘Insurance contracts’

Amendments to HKFRS 17, ‘Initial application of HKFRS 17 and HKFRS 9 – comparative information’

Amendments to HKAS 1 and HKFRS Practice Statement 2, ‘Disclosure of accounting policies’

Amendments to HKAS 8, ‘Definition of accounting estimates’

Amendments to HKAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’

Amendments to HKAS 12, ‘International tax reform – Pillar two model rules’

The adoption of the above new standard and amendments to existing standards had no material impact on the consolidated financial statements of the Group.

The following amendments to existing standards and interpretation have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2024, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
Amendments to HKFRS 16, ‘Lease liability in a sale and leaseback’	1 January 2024
Amendments to HKAS 1, ‘Classification of liabilities as current or non-current’	1 January 2024
Amendments to HKAS 1, ‘Non-current liabilities with covenants’	1 January 2024
Amendments to HKAS 7 and HKFRS 7, ‘Supplier finance arrangements’	1 January 2024
Hong Kong Interpretation 5 (Revised), ‘Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause’	1 January 2024
Amendments to HKAS 21, ‘Lack of exchangeability’	1 January 2025
Amendments to HKFRS 10 and HKAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined

The Group will adopt the above amendments to existing standards and interpretation as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

## 2. Principal activities and segmental analysis of operations

An analysis of the Group's revenue and gross profit for the year by principal activity and market is as follows:

	Year ended 31 December 2023			Gross profit The Company and its subsidiaries HK\$'000
	Revenue			
	The Company and its subsidiaries	Share of associates and joint ventures	Combined	
	HK\$'000	HK\$'000	HK\$'000	
Property rental and others				
– Mainland property	3,883,370	332,727	4,216,097	2,824,799
– Hong Kong property	1,102,320	132,161	1,234,481	814,133
	4,985,690	464,888	5,450,578	3,638,932
Property sales				
– Mainland property	3,326,855	132,450	3,459,305	1,726,961
– Hong Kong property	3,022,248	3,934,842	6,957,090	728,859
	6,349,103	4,067,292	10,416,395	2,455,820
Hotel operations				
– Mainland property	1,754,835	470,046	2,224,881	626,524
– Hong Kong property	-	35,579	35,579	-
	1,754,835	505,625	2,260,460	626,524
Total	13,089,628	5,037,805	18,127,433	6,721,276
	Year ended 31 December 2022			
	Revenue			Gross profit
	The Company and its subsidiaries	Share of associates and joint ventures	Combined	The Company and its subsidiaries
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property rental and others				
– Mainland property	3,791,358	300,035	4,091,393	2,759,678
– Hong Kong property	1,199,307	152,773	1,352,080	926,988
	4,990,665	452,808	5,443,473	3,686,666
Property sales				
– Mainland property	4,397,247	18,395	4,415,642	1,953,737
– Hong Kong property	4,146,183	-	4,146,183	1,170,719
	8,543,430	18,395	8,561,825	3,124,456
Hotel operations				
– Mainland property	1,056,380	261,660	1,318,040	173,562
– Hong Kong property	-	27,595	27,595	-
	1,056,380	289,255	1,345,635	173,562
Total	14,590,475	760,458	15,350,933	6,984,684

## 2. Principal activities and segmental analysis of operations (continued)

An analysis of the Group's financial results by operating segment is as follows:

	Year ended 31 December 2023				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	8,965,060	4,124,568	13,089,628	-	13,089,628
Results					
Segment results - gross profit	5,178,284	1,542,992	6,721,276	-	6,721,276
Other income and net gains					129,837
Selling, administrative and other operating expenses					(1,783,204)
Increase in fair value of investment properties					1,033,544
Operating profit before finance costs					6,101,453
Finance costs					(599,686)
Operating profit					5,501,767
Share of results of associates and joint ventures					1,357,551
Profit before taxation					6,859,318
Taxation					(2,695,532)
Profit for the year					4,163,786
Profit attributable to:					
Company's shareholders					3,243,327
Non-controlling interests					920,459
					4,163,786
Depreciation	380,888	60,316	441,204	3,088	444,292

## 2. Principal activities and segmental analysis of operations (continued)

	Year ended 31 December 2022				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total		Total HK\$'000
			Operating	Others	
			Segments		
Revenue	9,244,985	5,345,490	14,590,475	-	14,590,475
Results					
Segment results - gross profit	4,886,977	2,097,707	6,984,684	-	6,984,684
Other income and net gains					915,526
Selling, administrative and other operating expenses					(1,720,023)
Decrease in fair value of investment properties					(2,040,840)
Operating profit before finance costs					4,139,347
Finance costs					(317,225)
Operating profit					3,822,122
Share of results of associates and joint ventures					1,345,947
Profit before taxation					5,168,069
Taxation					(1,693,183)
Profit for the year					3,474,886
Profit attributable to:					
Company's shareholders					2,754,780
Non-controlling interests					720,106
					3,474,886
Depreciation	413,172	68,037	481,209	1,703	482,912

### 3. Operating profit

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Operating profit is stated after crediting/charging the following:		
<i>Crediting</i>		
Dividend income	78,053	52,552
Interest income	659,613	593,892
Gain on sale of investment properties, net	-	71,726
Gain on disposal of subsidiaries	-	897,490
<i>Charging</i>		
Depreciation of property, plant and equipment and right-of-use assets	444,292	482,912
Provision for properties under development	745,000	520,667
Total finance costs incurred	2,549,595	1,434,863
Less: amount capitalised in properties under development and investment properties under development	(1,949,909)	(1,117,638)
Total finance costs expensed during the year	599,686	317,225

#### 4. Taxation

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
The taxation (charge)/credit comprises:		
Mainland taxation		
Current	<b>(1,494,927)</b>	(1,395,338)
Over/(under)-provision in prior years	<b>1,538</b>	(257)
Deferred	<b>(973,371)</b>	18,311
	<b>(2,466,760)</b>	(1,377,284)
Hong Kong profits tax		
Current	<b>(182,368)</b>	(270,954)
(Under)/over-provision in prior years	<b>(3,470)</b>	204
Deferred	<b>(8,945)</b>	(23,714)
	<b>(194,783)</b>	(294,464)
Overseas taxation		
Current	<b>(13,169)</b>	(7,439)
Deferred	<b>(20,820)</b>	(13,996)
	<b>(33,989)</b>	(21,435)
	<b><u>(2,695,532)</u></b>	<b><u>(1,693,183)</u></b>

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. Income tax on the Mainland and overseas profits has been calculated on the estimated assessable profit for the year at the respective rates of taxation prevailing in the Mainland and the overseas countries in which the Group operates.

Land appreciation tax in the Mainland is levied on properties developed and sold by the Group, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

The Group recorded land appreciation tax of HK\$690,277,000 (2022: HK\$606,828,000) for the year ended 31 December 2023 on sale of properties in the Mainland.

The Group's share of taxation of associates and joint ventures for the year of HK\$321,910,000 (2022: HK\$411,102,000) is included in the share of results of associates and joint ventures in the consolidated income statement.



## 5. Earnings per share

### *Basic*

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Weighted average number of ordinary shares in issue	<u>1,451,305,728</u>	<u>1,453,224,214</u>
	HK\$'000	HK\$'000
Profit attributable to shareholders	<u>3,243,327</u>	<u>2,754,780</u>
Basic earnings per share	<u>HK\$2.23</u>	<u>HK\$1.90</u>

### *Diluted*

Diluted earnings per share is calculated by adjusting the profit attributable to shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Year ended 31 December	
	2023	2022
Weighted average number of ordinary shares in issue	1,451,305,728	1,453,224,214
Adjustment for share options (note)	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,451,305,728</u>	<u>1,453,224,214</u>
	HK\$'000	HK\$'000
Profit attributable to shareholders	<u>3,243,327</u>	<u>2,754,780</u>
Diluted earnings per share	<u>HK\$2.23</u>	<u>HK\$1.90</u>

Note: The share options outstanding during the year ended 31 December 2023 had an anti-dilutive effect.

## 6. Accounts receivable, prepayments and deposits

Included in accounts receivable, prepayments and deposits are trade receivables. The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. The ageing analysis of trade receivables as at 31 December 2023 is as follows:

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
Below 1 month	90,948	85,199
Between 1 month and 3 months	18,465	17,638
Over 3 months	12,869	14,417
	<u>122,282</u>	<u>117,254</u>

## 7. Accounts payable, deposits received and accrued charges

Included in accounts payable, deposits received and accrued charges are trade payables. The ageing analysis of trade payables as at 31 December 2023 is as follows:

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
Below 1 month	199,065	305,169
Between 1 month and 3 months	26,498	24,145
Over 3 months	3,177	6,458
	<u>228,740</u>	<u>335,772</u>

## 8. Bank loans

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
Bank loans - unsecured		
Non-current	48,494,864	46,873,144
Current	6,636,214	5,997,133
Total bank loans	<u>55,131,078</u>	<u>52,870,277</u>

## 8. Bank loans (continued)

As at 31 December 2023, the Group's bank loans were repayable as follows:

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
Within one year	6,636,214	5,997,133
In the second to fifth year		
- In the second year	13,034,398	12,850,954
- In the third year	11,599,390	18,024,497
- In the fourth year	13,752,748	7,031,832
- In the fifth year	9,648,328	7,965,861
	48,034,864	45,873,144
Repayable within five years	54,671,078	51,870,277
Over five years	460,000	1,000,000
	55,131,078	52,870,277

## 9. Commitments

At 31 December 2023, the Group had capital and other commitments in respect of property, plant and equipment, investment properties, land costs and properties under development contracted for at the end of the year but not provided for in these financial statements as follows:

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
Property, plant and equipment	-	13,650
Investment properties	438,163	139,016
Land costs	5,475,436	342,636
Properties under development	7,174,606	9,163,004
	13,088,205	9,658,306

## 10. Contingent liabilities

### Guarantees for banking facilities

	As at 31 December 2023 HK\$'000	As at 31 December 2022 HK\$'000
- Guarantees for banking facilities of certain associates and joint ventures (note (i))	4,058,893	4,018,472
- Guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties in the Mainland (note (ii))	<u>1,911,199</u>	<u>2,028,943</u>
	<u><b>5,970,092</b></u>	<u><b>6,047,415</b></u>

- (i) The Group has executed guarantees for banking facilities granted to certain associates and joint ventures. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2023 amounted to approximately HK\$4,058,893,000 (2022: HK\$4,018,472,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2023 amounted to approximately HK\$5,240,316,000 (2022: HK\$5,239,444,000).
- (ii) The Group has executed guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties developed by the Group in the Mainland. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2023 amounted to approximately HK\$1,911,199,000 (2022: HK\$2,028,943,000).

Apart from the above, there are no material changes in contingent liabilities of the Group since 31 December 2022.

## **REVIEW OF FINAL RESULTS**

The financial information and the related notes in respect of this results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this results announcement.

## **PAST PERFORMANCE & FORWARD-LOOKING STATEMENTS**

The performance and results of the operations of the Group within this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. This announcement may contain forward-looking statements and opinions, and all forward-looking statements while based on reasonable and best-effort estimates and projections involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, its employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

## **EMPLOYEES**

As at 31 December 2023, the Group had approximately 7,800 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. The Group's emolument policy is formulated based on the performance, contribution and responsibilities of individual employees together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as share option schemes and share award scheme. Details of the share option and share award schemes of the Company are set out in the section headed "Share Option Schemes" and "Share Award Scheme" of the Annual Report 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2023, save for the purchase of shares in the Company by the trustee for the purpose of the Company's share award scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. Details of the purchase of shares in the Company are set out in the note to the financial statements headed "Shares Held for Share Award Scheme" in the Annual Report 2023.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited sets out (a) the mandatory requirements for disclosure in Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a “comply or explain” basis and certain recommended best practices.

The Company complied with all the code provisions set out in the CG Code throughout 2023, except for C.2.1 of the code provisions as Mr. Kuok Khoon Hua (“**Mr. Kuok**”) has served as both the Chairman and the Chief Executive Officer of the Company (“**CEO**”).

As Mr. Kuok has extensive experience in the business of the Group, the Company is of the view that it is in the best interest and is more efficient for Mr. Kuok to perform the role of Chairman as well as CEO. It is also more favourable to the development and management of the business of the Group. Moreover, the powers and authorities have not been concentrated as all major decisions are made in consultation with the Board and appropriate Board Committees and Mr. Au Hing Lun, Dennis, the Deputy CEO of the Company, who is responsible for the day-to-day management of the business of the Group. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code for securities transactions by the Directors. A copy of the Model Code has been sent to all Directors by the Company. In addition, regular reminders are sent to the Directors regarding restrictions on dealings in the securities and derivatives of the Company during the black-out period before the interim and final results of the Company have been published.

Under the Model Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in case of the Chairman himself, he must notify a Director designated by the Board and receive a dated written acknowledgement before any dealing.

The Company made specific enquiries with all Directors and they have confirmed compliance with the required standards set out in the Model Code throughout 2023. The Company’s employees, who are likely to be in possession of unpublished inside information, have been requested to comply with provisions similar to those terms in the Model Code.

The Company is not aware of any non-compliance with the Model Code throughout 2023.

## **FINAL DIVIDEND AND CLOSURE OF REGISTERS OF MEMBERS**

The Board has recommended the payment of a final dividend of HK\$0.95 per share for the year ended 31 December 2023 (the “**Final Dividend**”), amounting to approximately HK\$1,379 million in aggregate based on 1,451,305,728 ordinary shares in issue as at 31 December 2023 and payable on Wednesday, 5 June 2024 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the registers of members of the Company on Friday, 24 May 2024. The registers of members will be closed on Friday, 24 May 2024, on which date no transfer of shares will be registered. The ex-dividend date will be Wednesday, 22 May 2024. The actual amount of Final Dividend payable will be subject to the actual number of ordinary shares in issue on Friday, 24 May 2024.

For the purpose of determining the eligible Shareholders’ entitlement to the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 23 May 2024.

Together with the interim dividend of HK\$0.40 per share, the total cash dividend for the year ended 31 December 2023 will be HK\$1.35 per share (2022: HK\$1.35 per share).

The Final Dividend warrants will be despatched to the eligible Shareholders on or about Wednesday, 5 June 2024.

## **2024 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTERS OF MEMBERS**

The annual general meeting of the Company for the year ended 31 December 2023 will be held on Monday, 20 May 2024 at 2:30 p.m. (the “**2024 AGM**”). A notice convening the 2024 AGM will be issued and despatched to the Shareholders in due course.

The registers of members will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, both days inclusive, on which period no transfer of shares will be registered. For the purpose of determining the eligible Shareholders’ entitlement to attend and vote at the 2024 AGM, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 13 May 2024.

## **PUBLICATION OF 2023 FINAL RESULTS AND ANNUAL REPORT**

This announcement is published on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.kerryprops.com/en/news/announcements/2024](http://www.kerryprops.com/en/news/announcements/2024). The Annual Report 2023 will be available on the websites of HKEXnews and the Company and despatched to the Shareholders on or about Thursday, 25 April 2024.

By Order of the Board  
**Kerry Properties Limited**  
**Cheng Wai Sin**  
*Company Secretary*

Hong Kong, 20 March 2024

*As at the date of this announcement, the Directors of the Company are:*

***Executive Directors:*** *Mr. Kuok Khoon Hua and Mr. Au Hing Lun, Dennis*

***Independent Non-executive Directors:*** *Ms. Wong Yu Pok, Marina, JP, Mr. Hui Chun Yue, David, Mr. Chum Kwan Lock, Grant and Dr. Li Rui*

***Non-executive Director:*** *Ms. Tong Shao Ming*